

interference operates as an affirmance of the APJ's decision, not a reversal. Moreover, the judgment is expressly limited to certain scissors claims, not to the patentably distinct blade claims, which Rydell, applicant, the Examiner and the APJ all agreed are 1) directed to a different invention than the scissors claims in interference and 2) did not correspond to the count of the scissors interference. Applicant's blade claims are, therefore, unaffected by the judgment in the '765 interference.

### **The Background Facts**

The Examiner has rejected all of the pending claims 24-29 and 40-56 on two grounds stemming from Interference No. 103,765 ("the '765 interference"). That interference involved applicant's parent application versus Rydell U.S. Patent No. 5,352,222 ("the '222 patent") and an application for reissue of the '222 patent. The '765 interference involved a single count directed to certain bipolar scissors having a pair of blades (the "scissors" claims). Applicant's parent application and Rydell's '222 patent and reissue application all contained "scissor claims" corresponding to the count. As the result of a settlement agreement between the parties, judgment was rendered in Rydell's favor on the scissor invention.

Applicant's parent application also contained the present claims 24-29 directed to a particular type of blade (the "blade" claims). When the '765 interference was declared, the Examiner designated Slater's claims 24-29 as not corresponding to the count, i.e., the blade claims were determined by the Patent Office to be directed to a patentability distinct invention from the scissors count. Rydell tried to copy Slater's blade claims in his reissue application and moved to add a second count directed to the blade invention, which he admitted was separately patentable from the scissors count,

directed to the blade invention. The APJ denied Rydell's motion to have an interference on the blade invention on the ground that under reissue law, see *In re Watkinson*, 900 F.2d 230 (Fed. Cir. 1990), Rydell had given up blade claims and could not present them in the reissue application. The Administrative Patent Judge ("APJ") ruled that the blade claims were unpatentable to Rydell under 35 U.S.C. § 251 and denied Rydell's motion "for the reasons stated in the opposition to the motion." ('765 Intf. Paper No. 31 at 3-4.) The APJ also set a time for the parties to identify which decisions they wanted reviewed at final hearing ('765 Intf. Paper No. 33 at 2.)<sup>1</sup> Importantly, Rydell did not seek review of the APJ's decision refusing to add a blade count at final hearing, nor did Rydell request review of the APJ's ruling that blade claims are unpatentable to Rydell.

Subsequently, applicant filed a motion in the '765 interference to amend his application by canceling the blade claims so that he could file a divisional application directed to those separately patentable claims. ('765 Intf. Paper No. 41.) As noted above, Rydell itself had represented that the blade claims were separately patentable from the "scissors" count when it tried to add a second count, and the APJ ruled that they "are designated as not corresponding to the count, and thus have been held by the PTO as directed to a separate patentable invention from the subject matter in the interference." ('765 Intf. Paper No. 31 at 1.) Significantly, in granting applicant's

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<sup>1</sup> 37 C.F.R. 1.640(b) reads: "if the administrative patent judge determines that the interference shall proceed to final hearing on the issue of priority or derivation, a time shall be set for each party to file a paper identifying any decisions on motions . . . that the party wishes to have reviewed at final hearing. . . ." Rydell filed no paper at all, foregoing the right to challenge the APJ's decisions at final hearing.

motion, the APJ explicitly held that "a decision on priority with respect to the subject matter in interference [*i.e.*, the scissor invention] is completely independent of the patentability of the subject matter of the [blade claims]." *Id.* at 1-2.

Accordingly, because the APJ decided that Rydell could not make the blade claims (a decision for which Rydell did not seek review), an interference involving the blade invention was therefore precluded. There was no determination of priority as to the blade invention in the '765 interference and the final judgment was limited to the "scissors" claims and corresponding claims. Remember, the blade claims were held to not correspond to the scissor count. Indeed, there was a specific ruling by the APJ that any determination of priority as to the scissor claims would be completely independent of the patentability of the blade claims. Accordingly, the final judgment did not address or affect the blade claims, but was specifically limited to the claims requiring a scissors with a pair of blades.

### **The Nature of the Rejections**

Pending claims 24-29 and 40-56 in the present application all are blade claims. In the Office Action, the Examiner first rejects all of applicant's blade claims on the theory that during the '765 interference, applicant disclaimed anything disclosed in Rydell's '222 patent relating to the blade subject matter (referred to herein as "the disclaimer/concession rejection"). The Examiner asserts that applicant disclaimed that subject matter because he failed to present claims and/or take necessary steps for interference purposes after notification that Rydell was claiming interfering subject matter. The Examiner contends that the alleged disclaimer amounts to a concession that all the disclosure in '222 relating to the blade subject matter is prior art under 35

U.S.C. § 102(g). The Examiner relies on the case of *In re Ogiue*, 517 F.2d 1382, 186 USPQ 227 (CCPA 1975), as legal support for the rejection. Treating the '222 patent disclosure as prior art, the Examiner holds claims 24, 25, 28, 29, 40, 41, 44 and 46-56 to be anticipated under § 102(g) and claims 26, 27, 42, 43 and 45 to be obvious under § 102(g)/§ 103.

The Examiner's second rejection is of all the claims on the ground of collateral estoppel. The Examiner states that "Applicant's failure to properly move under 37 CFR 1.633(c)(1) to add a second count to the interference proceedings (i.e. a count drawn to the subject matter of the instant applicant claims) has created the ground of estoppel set forth in 37 CFR 1.658(c). See MPEP 2363.03 (particularly examples 1-3)."

Applicant respectfully submits that in light of the facts set forth above, for the reasons discussed in detail below, both of the rejections made by the Examiner are fundamentally in error, directly the opposite of what the law requires, and applicant respectfully requests reconsideration and withdrawal of the rejections.

**Applicant Made No Disclaimer or Concession as a Matter of Fact and Law; The Disclaimer/Concession Rejection Should Therefore be Withdrawn**

The disclaimer/concession theory advanced in the Office Action has no basis in law and is contrary to the facts. The Examiner relies on the *Ogiue* case, but that decision only demonstrates that applicant's claims *cannot* properly be rejected.

In *Ogiue*, the Examiner rejected the applicant's claims as anticipated by the claims of an Iwata reference and expressly told the applicant that the rejection could only be overcome by an interference. The Examiner put the applicant on notice that he

must copy the Iwata claims and that "Failure to make said claims will be considered a disclaimer of the subject matter involved." 517 F.2d at 1386. The applicant in *Ogiue* refused to copy the Iwata claims, however, arguing that he could not make the limitations of Iwata's claims and therefore could not copy them.

On appeal, the Court of Customs of Patent Appeals affirmed the PTO's decision rejecting Ogiue's claims, but not on the basis simply that Ogiue refused to copy Iwata's claims. Rather, the Court required the PTO to prove that there *could have been an interference*, i.e., that Ogiue had support for the Iwata claims. Thus, the Court held that: "In this case the PTO, having insisted that appellant should have copied Iwata's claims, must show, in support of that contention, that appellant had support for the claims in his application." *Id.* at 1389. And the Court stressed that the requirement for support is critical to the use of the "disclaimer." Specifically, the Court held that:

Neither [of the prior court decisions] *Embree* nor *Lyon* is apposite to this case, since in neither was it found that the applicants could have copied the suggested claims. This finding, we have shown *supra*, is critical to determining the consequences of disclaimer for failure to copy suggested claims.

*Id.* at 1392.

In even stronger language, the Court said that:

We agree that it would be unfair to applicants if examiners had free rein to create "prior art" by suggesting claims whether the applicants had support for the claims or not. The abuse which concerned the court would not exist if disclaimed subject matter were considered prior art *only if suggested claims embodying that matter were supported by the applications.*

*Id.* at 1392 n. 4 (emphasis added). Therefore, it was only by reviewing the issue on the merits, and determining that *Ogiue* was wrong in saying he lacked support to copy *Iwata's* claims, that the Court affirmed the rejection.

In addition, and importantly, the Court rejected the PTO's attempt to extend the disclaimer and concession to the *disclosure* of the *Iwata* patent. "The disclosure is available only to determine what invention the claims define and hence what invention has been disclaimed so as to be available as prior art." *Id.* at 1391.

The present case differs critically from the circumstances and holdings in *Ogiue*. Initially, whereas the applicant in *Ogiue* refused to present claims directed to the disputed subject matter, the applicant here *did* present blade claims--they were in applicant's parent application when the '765 interference was declared and throughout the motion period of the interference. And the PTO consistently held that these claims did not correspond to the court.<sup>2</sup> So there was no refusal to copy claims at all, and *Ogiue* relates only to copying claims to provoke an interference. The Examiner has cited no authority for the proposition that any other action or failure to act by applicant here could give rise to a disclaimer or concession of prior art.

Further, and most significantly, an interference on the blade claims could not have been declared in the present case. That issue was expressly raised and rejected. The APJ decided that there could be no interference because *Rydell* could not add those claims to his reissue application. *Rydell* did not seek to overturn that decision at

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<sup>2</sup> In fact, it was *Rydell* that had no blade claims in its patent or its reissue application when the interference was declared and who unsuccessfully tried to copy applicant's blade claims.

final hearing and the judgment operates to make that decision final. The Examiner's rejection would improperly throw aside or nullify the entire interference proceeding as it pertained to the blade claims.

In addition, in contrast to *Oguie*, there are *no* blade claims in the '222 patent, and as explained above, the APJ refused to permit Rydell to add blade claims to its reissue application during the '765 interference. The *Ogiue* decision precludes reliance on the patent or reissue application disclosure apart from the claims. Without claims or disclosure to rely on, there could not possibly be a concession or disclaimer giving rise to blade subject matter as prior art under § 102(g) alone or in conjunction with § 103. The rejection must be withdrawn on this ground alone.

Finally, *Ogiue*, and the concession/disclaimer it relates to, is based on the refusal of an applicant to take an action *after notice* from the Examiner that disclaimer will result from such refusal. Here, applicant was given no notice by the PTO that a failure to try to provoke an interference on the blade claims would constitute a disclaimer of the blade subject matter or concession of priority as to such subject matter. To the contrary, the decisions by the PTO told applicant that Rydell had given up the blade invention and that applicant could properly pursue blade claims in a separate application. Specifically, as shown above:

1. Applicant's blade claims were held separately patentable from the scissor claims by the Examiner in originally setting up the '765 interference who designated the blade claims as not corresponding to the count.
2. The APJ denied Rydell's motion to add blade claims and confirmed that applicant's blade claims do not correspond to the count.

3. The APJ denied Rydell's motion to add a separate count directed to the blade invention, ruling that these claims were unpatentable to Rydell, Rydell could not present them and, therefore, no interference on the blade invention could occur.
4. Applicant's motion to cancel the blade claims and pursue them in a separate application was granted by the APJ before judgment was entered. The APJ reaffirmed that since the blade claims are directed to a separate patentable invention from the subject matter in interference, a decision on priority with respect to the scissor invention "is completely independent of the patentability" of the blade claims.

Indeed, the facts here fundamentally differ from a disclaimer or concession situation as in *Ogiue*. Here, the APJ ruled against the "critical" element of the right to have an interference on the blade subject matter. In *Ogiue*, the Court held that the PTO had to determine whether the parties had the right to make interfering claims. Here, the APJ determined that Rydell had *no* right to do so under 35 U.S.C. § 251. The Court in *Ogiue* made it clear that if the applicant Ogiue was *unable* to present the claims at issue, it would have been unfair and an abuse for the PTO to require him to copy the claims under penalty of disclaimer or concession. It would be equally improper to find a disclaimer or concession against applicant here where not only was there no PTO demand for any action by applicant that applicant refused to take, but in holding the blade claims unpatentable to Rydell and granting applicant's motion to cancel the blade claims and pursue them separately, the APJ eliminated any *possibility* of an interference between the parties on the blade invention.



For these reasons, applicant has done nothing to create a disclaimer or concession, but instead, took steps, supported by the decisions in the '765 interference, to pursue this separately patentable blade invention. There is no basis in the facts or the law for the disclaimer/concession rejection, and its reconsideration and withdrawal are respectfully requested.

**The Collateral Estoppel Rejection Likewise is Improper and Should be Withdrawn**

In rejecting the claims on the ground of collateral estoppel, the Examiner focuses only on the fact that applicant did not file a motion to add a second count directed to the blade invention to the '765 interference and says that the failure to do so creates estoppel under 37 CFR 1.658(c) ("Rule 658(c)"). The Examiner calls specific attention to the illustration of Rule 658(c) in examples 1-3 of MPEP 2363.03. However, in all three of those examples, the issue of whether a count could be added to the interference was never presented to or decided by the APJ, and in *that* circumstance, the losing party was estopped. But in the '765 interference, the very issue of whether there could be an interference on the blade claims was actually considered and ruled on by the APJ. Irrespective of who brought the motion, the APJ agreed with applicant that Rydell could not present blade claims and therefore could not add a second count.

Rule 658(c) does not contemplate an estoppel based on failure to move for a count where there already was *inter partes* consideration of whether an interference on the subject matter of such a count could be declared. In fact, Rule 658(c) states that "a judgment in an interference settles all issues which (1) were raised and decided in the interference" and does not limit that part of the rule to issues raised by one party rather

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than the other.<sup>3</sup> The issue of whether there could be an interference as to the blade claims was raised by Rydell, opposed by applicant, and *won* by applicant. Rydell did not request review of that adverse decision at final hearing and thus left it intact in applicant's favor at the time of entry of judgment. Hence, the entry of judgment in the interference settled the issue of whether a blade count could be added in applicant's favor, and Rule 658(c) does not penalize *applicant* for succeeding on it.

The Examiner presumably is relying on the portion of Rule 658(c) that provides that: "A losing party who could have properly moved, but failed to move, under § 1.633 or § 1.634, shall be estopped to take *ex parte* or *inter partes* action in the Patent and Trademark Office after the interference which is inconsistent with that party's failure to properly move, except that a losing party shall not be estopped with respect to any claims which correspond, or properly could have corresponded, to a count as to which that party was awarded a favorable judgment." The terms of this portion of the rule do not apply to applicant here for several reasons.

First, as explained above, the rule distinguishes "issues which (1) *were* raised and decided in the interference" from "issues which ... (2) *could have been* properly raised and decided in the interference by a motion under § 1.633 (a) through (d) and (f) through (j) or § 1.634 ...." (Emphasis added.) Applicant submits that the portion of the rule estopping a losing party "who could have properly moved, but failed to move...." concerns aspect (2) of the rule, not aspect (1) dealing with issues that actually were raised and decided. The present application involves aspect (1), which applicant won,

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<sup>3</sup> Also settled when judgment is entered are issues that "could have been properly raised" in the interference. See 37 C.F.R. 1.658(c), items (2) and (3).

and thus the portion of Rule 658(c) relating to a "losing party who could have properly moved" does not apply.

Second, the Examiner is treating applicant as the "losing party" because, as a result of the settlement, judgment as to the "scissors" count was rendered for Rydell. But as the APJ held, priority as to the scissor count was "completely independent" of the patentability of the blade claims. ('765 Intf. Paper No. 31 at 1-2.) And as explained above, applicant was the winning party on the issue of whether there could be an interference on the blade invention. Thus, even if the portion of Rule 658(c) estopping a losing party "who could have properly moved, but failed to move..." were deemed to apply to an issue that was actually raised and decided (and applicant submits that it does not), the situation resulting from the '765 interference is more analogous to the part of the rule where "in the event of a 'split award,' the losing party is not estopped as to claims which corresponded, or properly could have corresponded, to a count which he or she won." MPEP 2363.03.

Third, the portion of Rule 658(c) that the Examiner is relying on requires that applicant would have been able to *properly* move to add a blade count to the '765 interference. As discussed above in connection with the *Ogiue* case, the APJ expressly ruled that a motion to add the blade count was *not* proper and gave applicant consent to cancel the blade claims from the application involved in the interference. If it would have been proper to add a blade count, the APJ would not have refused to permit Rydell to add the blade claims and would not have granted consent to applicant to cancel the blade claims, eliminating the possibility of any such interference.

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Fourth, the portion of Rule 658(c) applies only to actions which are inconsistent with the party's failure to move during the interference. Applicant has consistently maintained that he is entitled to the blade claims and Rydell is not. This issue was squarely put to the APJ, who decided in applicant's favor. There is no inconsistency and no estoppel because:

- (a) there was a motion by Rydell to add the count and thus any such motion by applicant would have been superfluous,
- (b) applicant's position that there could be no proper motion to add a blade count was made clear in his opposition to the Rydell motion,
- (c) applicant did present a motion which was *consistent* with his actions in the present application--the motion for consent to cancel the blade claims and pursue them in this separate application, and
- (d) before the interference was settled and judgment entered, the APJ was fully aware of applicant's position and made no suggestion whatsoever that applicant needed to file, or needed to have filed, any other motion in order to pursue the blade claims in a separate application.

In sum, the questions of whether Rydell could make a blade claim and a count could be added to the '765 interference were specifically decided in applicant's favor. Applicant proceeded to prosecute the blade claims in the present application pursuant to that decision and to the APJ's grant of applicant's motion to cancel the blade claims out of the application involved in the '765 scissor count interference. An estoppel *against* applicant now from doing so would be particularly unfair and contrary to fact and law.

For these reasons, Rule 658(c) does not estop applicant from presenting blade claims, and reconsideration and withdrawal of the rejection of the claims on collateral estoppel are respectfully requested.

**If the Examiner Decides that Rydell is Allowed to Present Blade Claims, An Interference is Needed to Determine Which Party is Entitled to Such Claims**

Applicant understands that the Examiner may have allowed some blade claims in Rydell's reissue application. If so, the Examiner has improperly ignored the binding consequences of the APJ's decision and, in effect, overruled the APJ. The estoppel or acquiescence properly lies against Rydell, and not applicant. The APJ decided that Rydell could not present blade claims and could not add a count directed to the blade invention, and Rydell chose not to seek to overturn these decisions at final hearing. Thus, when the judgment was entered in Rydell's favor on the scissors count, it also terminated the interference as to Rydell's right to present blade claims and as to any possible additional count on the blade invention.

Applicant therefore believes that the Examiner should withdraw the present rejections and allow the blade claims to applicant, while precluding Rydell from obtaining blade claims under 35 U.S.C. § 251 and/or Rule 658(c). But if the Examiner decides, or has decided, that Rydell is permitted to present blade claims, he should declare an interference for the resolution of the question of which party is entitled to patent the blade invention. Otherwise, the situation is exactly the opposite as ruled on in the interference: Applicant, who had blade claims in from the beginning, is now deprived of the right to obtain them, while Rydell, who was held to have no right to

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